

Standards for Establishment of the Environmental Management System

(Ver. 3)

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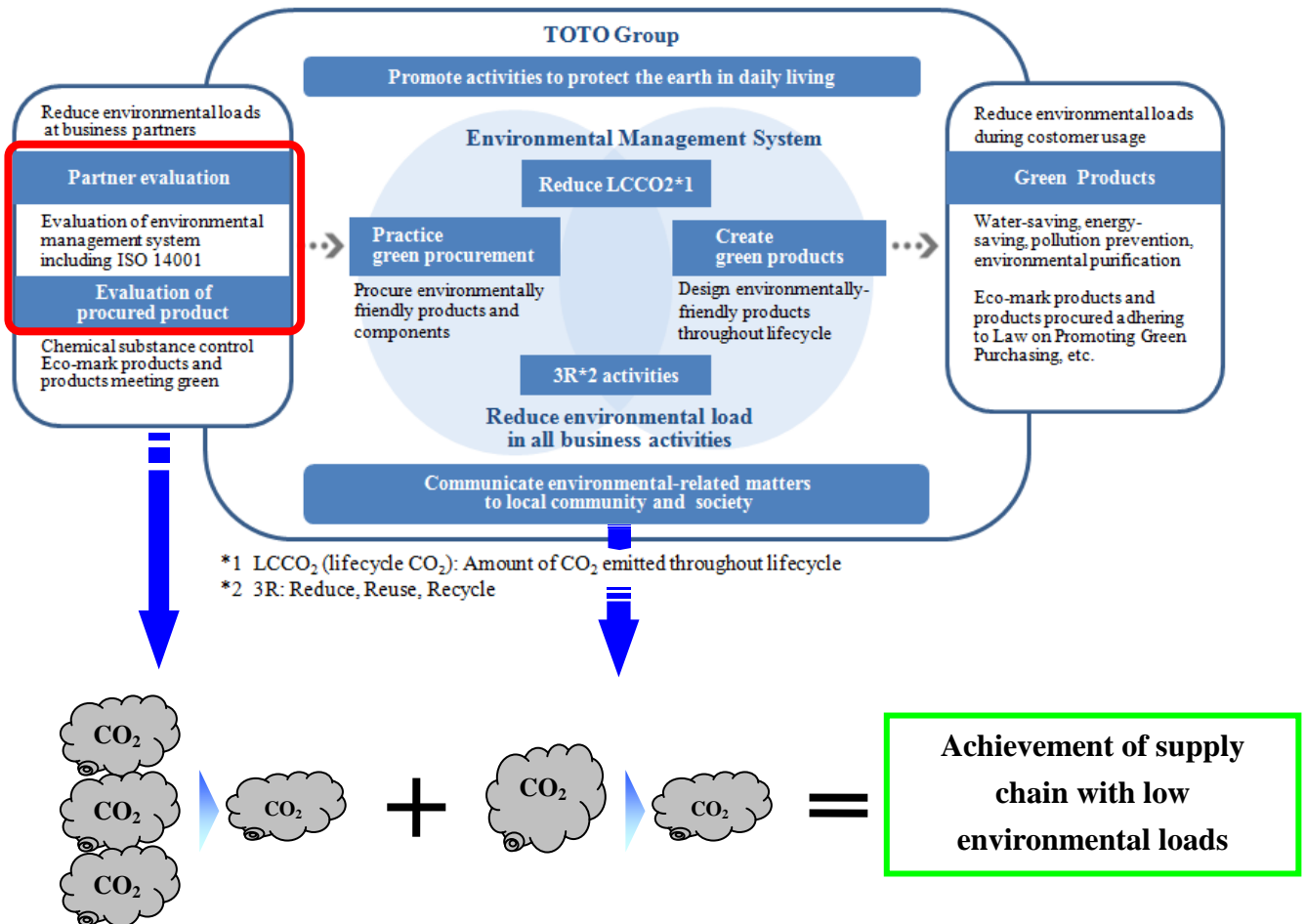
Purchasing Division, TOTO Ltd.

TOTO

1. Introduction

The TOTO Group is establishing its Environmental Management System (EMS) to reduce its loads on the environment. By having the suppliers that provide us with goods and services join these activities we are promoting reduction of environmental loads throughout our entire supply chain.

In business with the TOTO Group, we give priority to suppliers that have established an environmental management system as specified in these standards.



2. Scope of Application

This set of standards applies to procurement activities carried out by procurement divisions of the TOTO Group.

3. Evaluation and Selection Criteria

(1) Subject of evaluation

Evaluation applies to suppliers conducting continuous business with the TOTO Group.

(2) Evaluation method

Suppliers must satisfy the evaluation criteria in order to do business with the TOTO Group. (In principle, evaluation is performed before starting to conduct business. Any current supplier without prior evaluation can be evaluated at any time. We request that our suppliers cooperate with our annual company information survey conducted through the Electric Procurement Solution [EPS]. We evaluate suppliers based on the information reported in this survey).

The evaluation items are basically those listed below, which focus on whether the company willingly engages

in environmental protection activities.

(3) Evaluation items

1) EPS (Electric Procurement Solution: free of charge)

The company participates in our EPS and contributes to reduction of paper documents used in procurement through electronic transactions.

*Excludes the case in which the company is unable to participate in online transactions for a clear reason such as infrastructure (PC or Internet environment) or security

2) Programs to reduce environmental loads

- (1) The company has acquired ISO 14001 certification to promote activities for protection of the environment.
- (2) The company has acquired the certification according to the country and promote an environmental conservation activity. Ex. Japan: Eco Action 21
- (3) Any place other than (1) and (2) mentioned above, the company promotes an environmental conservation activity originally.

(4) Evaluation criteria

Suppliers are selected based on the results of evaluation, and companies that are actively involved in activities for environmental protection will be selected as our business partners.

Evaluation Criteria	Results of Evaluation	Decision
A	Engaged in any of the activities listed in evaluation item (2)	Included in partner candidates in terms of environmental consideration (actual selection is made by adding the evaluation of Q, C, D, etc. of the supplied goods)
B	Has a clear plan to start any of the activities listed in evaluation item (2)	Generally excluded from partner candidates, but may be included if an upgrade to A rank is expected by the next evaluation
C	Not willing to start any of the activities listed in evaluation item (2)	Excluded from partner candidates